



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF FEBRUARY 26, 2021

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:01 a.m. via-video and tele-conferencing.

Trustees Present

Suzanne Grant
Art Agra
Harold Stafford
Tom Shaw
Rick Geisenberger
Cerron Cade

Trustees Absent

Nancy Shevock

Others Present

Joanna Adams, Pension Administrator
Terri Timmons, Pension Office
Jodie Wedel, Deputy Pension Administrator
Ann Marie Johnson, Deputy Attorney General
Ryan Connell, Deputy Attorney General
Cindy Starr, Pension Office
Jamie Mayan, Pension Office
Josh Hitchens, Pension Office
Stephenie Tatman, Pension Office
Rob Gooderham, Windmark
Garry Musto, Windmark
Heather Roberts, Pension Office
Rachel Furash, Goldman Sachs

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the January 29, 2021 meeting.

MOTION made by T. Shaw and seconded by H. Stafford to approve the Public Minutes of the January 29, 2021 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the January 29, 2021 meeting.

MOTION made by A. Agra and seconded by H. Stafford to approve the Executive Minutes of the January 29, 2021 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. GOVERNANCE COMMITTEE UPDATE

Nothing to report.

4. AUDIT COMMITTEE UPDATE

H. Stafford reported that the Audit Committee welcomed Tom Vermeer as its newest member. BDO provided a helpful presentation explaining the details of GASB 68 and 75, two standards that changed accounting and financial reporting requirements for pensions in the last decade. Internal Audit provided an update on the status of outstanding audit findings. The Pension Office Accounting and Investments team shared an informative presentation on the investment contribution process.

5. PENSION ADVISORY COUNCIL UPDATE

Nothing to report.

6. PENSION ADMINISTRATOR UPDATE

Positions

J. Adams reported that we have filled our vacant Human Resources V. This was an internal promotion. This, however, created a new vacancy.

We are currently interviewing the five H.R. Specialist I, Dual Incumbency positions, which have a limited employment term of two years. We have a backlog of over 2,000 vested pension applications that need to be completed.

We have scheduled 2nd interviews for the Fiscal Management Analyst, which will be completed this afternoon.

Office Activities

We have scheduled several employer training classes, some of which are virtual, and some are in person. Our Pen Apps class will have 13 new hire participants.

Reporting Schedule

Ms. Adams noted the upcoming meeting dates.

Employee Recognition

Ms. Adams congratulated H. Roberts, the Pension Office Ray J Award recipient. This award is chosen by her peers, which makes so impressive. Ms. Adams described the qualities that made H. Roberts the choice.

7. DEPUTY ATTORNEY GENERAL UPDATE

Nothing to report.

8. INVESTMENT COMMITTEE UPDATE

Mr. Gooderham reported that, following a strong finish to 2020, global equity markets were mixed in January. Stocks started the year continuing to trend higher on optimism of the global vaccine roll out and the prospect of additional fiscal stimulus, though a spike in volatility late in the month caused most markets to surrender gains. Within US equities, the large cap focused S&P 500 index fell 1.0%, while the smaller cap focused S&P 600 gained 6.3%. International equity performance was mixed as the developed market MSCI EAFE index fell 1.1%, while the MSCI Emerging Markets index gained 3.1%. In fixed income markets, yields moved higher (prices lower) and credit spreads were little changed, resulting in a 0.6% loss for the Bloomberg Barclays Universal bond index, while the more credit-sensitive Bloomberg Barclays High Yield index gained 0.3%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$12,909.2 million at January 31, 2021, representing a net increase of \$10.5 million during the month. Estimated returns through January 31, 2021 are as follows:

<u>Fund</u>	<u>Jan-21</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	0.4%	20.4%	21.0%
S & P 500 Index	-1.0%	20.9%	13.9%
Delaware	-0.3%	15.4%	14.5%

Benchmark**

** Benchmark mix of: 43% Russell 3000 Index, 23% MSCI ACWI ex US IMI (Net), 31.0% BB Universal Bond Index, 3% T-bills From 9/01/20 - 11/30/20: 40% Russell 3000 Index, 22% MSCI ACWI ex US IMI (Net), 35.0% BB Universal Bond Index, 3% T-bills Prior to 8/31/20: 38% Russell 3000 Index, 20% MSCI ACWI ex US(Net), 39.0% BB Universal Bond Index, 3% T-

Mr. Gooderham reported that the Investment Committee had met once since the December Board meeting, on February 16th. At that meeting, Mr. Gooderham reported that the Investment Committee reviewed and discussed:

- Carlyle Asia Partners V Update
- Fourth Quarter 2020 Investment Review
- Review of Uninvested Asset Classes – Part 2
- Presentation from DoubleLine on their Total Return strategy

Mr. Gooderham reported that under its authority, the Investment Committee voted 5-1 to approve the following allocations:

- Redeem \$75 million from BNY Mellon TIPS Strategy
- Redeem \$381 million from BlackRock US Debt Index Fund
- Redeem \$140 million from Wellington Dividend Growth
- Invest \$140 million in Baillie Gifford Health Innovation
- Invest \$6 million in Highclere Smaller Companies
- Invest \$150 million in BlackRock S&P 600 Index
- Invest \$200 million in DoubleLine Total Return
- Invest \$100 million in Cash Account

The next meeting of the Investment Committee is scheduled for Tuesday, March 16, 2021.

MOTION made by H. Stafford and seconded by A. Agra to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION made by H. Stafford and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra and seconded by H. Stafford to join the amicus brief in the Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System.

MOTION ADOPTED UNANIMOUSLY

9. **NEW BUSINESS**

There was no new business.

10. **ADJOURNMENT**

At 10:44 a.m., there being no further business, **MOTION** was made by A. Agra and seconded by T. Shaw to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Joanna M. Adams
Joanna M. Adams (Mar 29, 2021 08:22 EDT)

Joanna M. Adams
Pension Administrator

Suzanne B. Grant
Suzanne B. Grant (Mar 31, 2021 07:10 EDT)

Suzanne Grant, Chair
Board of Pension Trustees

2-26-21 Public Minutes

Final Audit Report

2021-03-31

Created:	2021-03-26
By:	Jamie Mayan (jamie.mayan@delaware.gov)
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